

0810 - Arkansas Department of Employment Security

Final Progress Report for the reporting period July 1, 2003 - June 30, 2004

Section I. Agency Update and Assessment

1. Emerging Issues at the Federal (National) or State level affecting the agency.

H.R. 3463 (SUTA Dumping Prevention Act of 2004) has passed both the U.S. House and Senate and is on the way to becoming Federal Law. This amends Titles III and IV of the Social Security Law requiring states to amend their employment security laws. This legislation will require significant changes to Arkansas Employment Security Statutes during the 2005 General Assembly.

The U. S. House and Senate have passed bills (HB1261, SB1627) to reauthorize and modify the Workforce Investment Act (WIA); the bills are awaiting appointment of a conference committee; depending on outcome, there could be substantial

2. Status of any new initiatives funded from General Revenue or General Improvement funds in the 2003 Legislative Sessions and other changes made through General Legislation.

NA

3. Discuss significant factors internal and external to the agency affecting agency performance.

Preliminary U. S. Department of Labor Unemployment Insurance (UI) budget allocations for Federal fiscal Year 2005, will reduce the AESD budget by \$227,724. Coming on top of a \$1,051,772 reduction in FFY2004, this budgetary cut may require re-consideration of overall UI Administration practices.

4. Provide comments on the usefulness and reliability of performance measures.

5. Discuss significant uses of line item flexibility in this report period (agencies operating under Performance-Based Appropriations only).

Section II. Performance Indicators**PROGRAM 1: ADMINISTRATION AND SUPPORT**

Goal 1: Provide administrative direction and support for the agency

Objective 1: Provide administrative direction and support to ensure that department programs meet their objectives and performance targets

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Percent of Agency Performance Measures met.	90%	75%	
2	Number of prior year audit findings reported in subsequent audit	none	none	
3	Percent of agency staff and budget in the Administration Program compared to total agency positions and budget.	20%	14% Staff/6% exp.	

Comments on performance matters related to Objective 1:

Program 1: Administrative and Support

Goal 1: Provide administrative direction and support for the agency

Objective 2: To effectively utilize information technology resources to support the mission of the Employment Security

Department

Measure

<u>Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Percent of information technology budget compared to total agency budget	5%	2%	
2	Number of proprietary informational systems maintained by agency staff or maintained through contractual services.	10	15	

Comments on performance matters related to Objective 2:

Program 1: Administrative and Support

Goal 1: Provide administrative direction and support for the agency

Objective 3: To provide for general operations support and overhead cost not otherwise included in the ADMINISTRATION PROGRAM or treated as a direct cost in other programs

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Record and allocate general support and overhead costs to federal programs	90%	100%	

Comments on performance matters related to Objective 3:

Program 2: State Workforce Services**Goal 1:** Provide employers with qualified applicants**Objective 1:** To bring employers and qualified job seekers together through a network of field offices throughout the state

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Arkansas unemployment rate as compared to U.S. unemployment rate.	4.8%/5.4%	Range 5.2%/6.7%	The average for the period July 1, 2003 - June 30, 2004 was 6.0%

Comments on performance matters related to Objective 1:

Program 2: State Workforce Services**Goal 2:** Help the employed and unemployed find work or training**Objective 1:** To administer the federal Workforce Incentive Credit and Welfare-to-Work Tax Credit programs encouraging the hiring of individuals from nine targeted groups

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Help the employed and unemployed find work or training	.4% increase each year	-0.2%	7/1/03 - 6/30/04 24,811 7/1/02 - 6/30/03 24,872
2	Number of workforce incentive credit certificates issued for targeted	.4% increase each year	18.6%	7/1/02 - 12/31/02 3,019 7/1/03 - 12/31/03 3,582

Comments on performance matters related to Objective 1:

As in the Interim Progress Report, the definition of "Entered Employment" changed last year's number shown for 7/1/03-6/30/04 is figured based on the old definition for purposes of comparison with previous year (old definition: count of individuals hired following referral to employer by Employment Service plus count of individuals who obtained employment on their own effort after specific prerequisite employment service activity; new definition: number of registered job seekers who, in first or second quarter following registration, earned wages from an employer if job seeker was previously not employed, or earned wages from different employer than quarter prior to registration, if previously employed). Under new definition, entered employment count from 7/1/03 to 6/30/04 was 99,318 for a 53% entered employment rate. The entered employment statistical data under the new reporting guide is always one year behind current reporting period.

Program 2: State Workforce Services**Goal 2:** Help the employed and unemployed find work or training**Objective 2:** To assist veterans in locating job training and employment

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Percentage of veterans receiving case management services finding employment.	29%	53%	For the period of 6/1/03-06/30/04 the Entered Employment rate for veterans who received case management was 53% as reflected on the VETS 200 DART report of 7/19/04.

Comments on performance matters related to Objective 2:

Program 2: State Workforce Services

Goal 3: Administer the Unemployment Insurance Program including the payment of unemployment insurance benefits and the collection of unemployment insurance premiums, and administration of the Unemployment Insurance Trust Fund.

Objective 1: Pay unemployment insurance benefits to eligible claimants

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Average duration rate of unemployment compensation benefits.	12.0 Weeks	14.4 Weeks	
2	Payment of first unemployment insurance benefit check within 14 days.	90%	90.70%	

Comments on performance matters related to Objective 1:

While we have experienced significant improvement in the overall economic outlook, many unemployed individuals have found it difficult to find new employment in Arkansas and have continued to draw benefits. As the economy continues to improve, and job markets continue to expand, these long-term unemployed individuals can be expected to successfully return to the workforce.

Program 2: State Workforce Services

Goal 3: Administer the Unemployment Insurance Program including the payment of unemployment insurance benefits and the collection of unemployment insurance premiums, and administration of the Unemployment Insurance Trust Fund.

Objective 2: Collect unemployment insurance taxes

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Transfer of taxes from local banks to the UI Trust Fund in the U.S. Treasury within 1.75 days	98%	.593 day	Average time before transfer to UI Trust Fund.

Comments on performance matters related to Objective 2:

Measurement of transfers as a percentage completed with a certain time frame is no longer calculated. What is reported here is the average number of days for transfer as of the period ended 06/30/2004. AESD's policy is to transfer daily, all available funds as approved by the local banks, to the UI Trust Fund.

Program 2: State Workforce Services

Goal 3: Administer the Unemployment Insurance Program including the payment of unemployment insurance benefits and the collection of unemployment insurance premiums, and administration of the Unemployment Insurance Trust Fund.

Objective 3: To distribute federal funds to displaced workers pursuant to the Trade Adjustment Assistance and North American Free Trade Acts

Measure		<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04</u>	<u>Comments</u>
<u>Number</u>				<u>Actual</u>	
1	Number of persons receiving trade displacement assistance		1,300	1150	

Comments on performance matters related to Objective 3:

As reported in January, based on current data for Arkansas employers certified for Trade Assistance, it is expected that the number of participants will increase significantly. However, many eligible claimants have either not exhausted regular UI benefits, and/or have found qualifying employment.

Program 2: State Workforce Services**Goal 4:** Produce and communicate accurate labor market information**Objective 1:** To maintain labor market information and labor statistics as needed to support state and local workforce services

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Percent of labor market information reports completed in accordance with grant requirements for accuracy and timeliness	3.5% or less annual revision	Range on 5 measures from .1% to 1.3%	Measures relate to Current Employment Statistics Program Year ending 3/31/03; rates received 1/21/04

Comments on performance matters related to Objective 1:

This measure is calculated once annually by the U.S. Dept. of Labor. B244

Program 3: Local Workforce Development Board Services

Goal 1: Provide training and employment assistance for the citizens of Arkansas at the state and local level

Objective 1: To provide Workforce Investment Act employment and training to assist lower income persons to make the transition from dependence on welfare assistance to becoming economically self-sufficient through Local Workforce Investment Boards

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Compare combined WIA Entered Employment Rate, first quarter after exit (percent), for adults, dislocated workers and older youth	87%	81%	Used results from exiters between 10-1-02 through 3-31-03 as reported on WIA Quarterly Summary Report for 2nd quarter PY 03. (See comment)
2	Produce a combined unduplicated count of WIA participants (adult, dislocated workers, older youth, younger youth) received through local investment boards	10,400	8,489	Used participant counts(for adult, dislocated worker, older youth younger youth) as reported on WIA Quarterly Summary Report for 2nd quarter PY 03. (See comment)
3	Compare combined count of participants (adult, dislocated workers) who received WIA training services	3200	4,521	Unduplicated count of adults/DLW who received a training service.

4	Compare combined average number of weeks participated in a training service(adult, dislocated workers)	57	79%	Used Statewide Statistics Rpt. 7/1/03-12/31/03. Calculated overall avg. from avg. weeks participated for adults & dislocated workers. (See comment)
5	Conduct annual fiscal and program monitoring and audit resolution on ten LWIAs and three statewide programs.	95%	100%	<u>Fiscal</u> : Expect 100% by the federally required date of 9/30/04. One fiscal monitor returned form serving in Iraq training another new fiscal monitor. <u>Program</u> : All 10 areas have been monitored.
6	Calculate average unsubsidized hourly rate of pay for participants first unsubsidized employment activity screen.	5.20	N/A	WtW program ended 6-30-03.
7	Compare average hourly wage to placement(exit)	2.40	N/A	WtW program ended 6-30-03.
8	Obtain an unduplicated count of WtW participants receiving Welfare to Work assistance through local investment boards	2250	N/A	WtW program ended 6-30-03.

Comments on performance matters related to Objective 1:

End of year measures for the period ending June 30, 2004, will be available by early September 2004. Local workforce investment boards have until August 20 to enter their final reports. State review and preparation of the final state report will take place after that.

Program 4: New Hire Registry**Goal 1:** Provide current source of data on all new hires**Objective 1:** Produce and administer New Hire Registry

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Enter data in New Hire Registry within five business days of receipt.	95%	99%	This data is entered within 2 days.
2	Provide Arkansas data to National Directory within three business days	95%	100%	This data is transmitted every day unless a technical problem arises.

Comments on performance matters related to Objective 1:

**Employment Security Department
Final Progress Report**

Section III. Fiscal Summary
for the period July 1, 2003 - June 30, 2004

Program 1: Administration & Support

Commitment Item	Legislative Recommendations Budget Manual - FY04	FY04 Expenditures
Regular Salaries	\$ 5,416,707.00	\$ 3,819,470.09
Extra Help	\$ 700,000.00	\$ 323,779.67
Personal Services Matching	\$ 1,466,876.00	\$ 2,519,633.52
Overtime	\$ 7,152.00	\$ 1,612.97
Maintenance and Operations		
Operating Expenses	\$ 3,345,347.00	\$ 2,594,762.20
Conference Fees & Travel	\$ 182,595.00	\$ 69,441.35
Professional Fees & Services	\$ 1,633,044.00	\$ 164,647.61
Capital Outlay	\$ -	\$ 2,981.00
Data Processing	\$ 1,459,816.00	\$ 5,903,570.72
Grants		
Refunds & Investments	\$ 3,000,000.00	\$ 100,117.62
Supplemental Emergency Positions	\$ -	
Rent of Buildings	\$ 96,708.00	
Administration Building	\$ 455,000.00	
Building & Land	\$ 300,000.00	
Annual Assessment	\$ 50,000.00	
Imp District Tax	\$ 1,000.00	
Excess Benefits	\$ 12,000,000.00	\$ 2,603,490.62
Pay to Part Contractors	\$ 10,000,000.00	\$ 1,948,221.93
UI Loan Repayment	\$ 2.00	
ESD Special Fund	\$ 100,000.00	
Reed Act	\$ 77,620,688.00	
Total	\$ 117,834,935.00	\$ 20,051,729.30

Funding Source	Legislative Recommendations Budget Manual - FY04	FY04 Receipts
General Revenue		
Federal Revenue	\$ 101,932,226.00	\$ 17,051,730.00
Special Revenue		
Trust Revenue		
Other Revenue	\$ 34,317,409.00	\$ 3,000,000.00
Total	\$ 136,249,635.00	\$ 20,051,730.00

Section III. Fiscal Summary
Program 2: State Workforce Services

Commitment Item	Legislative Recommendations Budget Manual - FY04	FY04 Expenditures
Regular Salaries	\$ 17,842,149.00	\$ 14,539,070.13
Extra Help	\$ 3,393,000.00	\$ 3,326,675.88
Personal Services Matching	\$ 5,028,097.00	\$ 2,771,110.74
Overtime	\$ -	\$ 18,041.30
Maintenance and Operations		
Operating Expenses	\$ 5,127,966.00	\$ 4,236,471.33
Conference Fees & Travel	\$ 72,975.00	\$ 290,843.83
Professional Fees & Services	\$ -	\$ 64,011.63
Capital Outlay	\$ -	\$ 20,265.27
Data Processing	\$ 5,952,420.00	
Grants	\$ 2,000,000.00	
Training Allowances	\$ 10,000,000.00	\$ 221,729.98
UI Federal Benefits	\$ 100,000,000.00	\$ 47,396,843.00
UI Taxable Employers	\$ 500,000,000.00	\$ 257,605,691.90
UI Reimburse Employers	\$ 20,000,000.00	\$ 11,475,870.99
Total	\$ 669,416,607.00	\$ 341,966,625.98

Funding Source	Legislative Recommendations Budget Manual - FY04	FY04 Receipts
General Revenue		
Federal Revenue	\$ 669,416,607.00	\$ 341,966,630.00
Special Revenue		
Trust Revenue		
Other Revenue		
Total	\$ 669,416,607.00	\$ 341,966,630.00

Section III. Fiscal Summary
Program 3: Local Workforce Development Board Services

Commitment Item	Legislative Recommendations Budget Manual - FY04	FY04 Expenditures
Regular Salaries	\$ 296,690.00	\$ 242,994.09
Extra Help		
Overtime	\$ -	
Personal Services Matching	\$ 79,424.00	\$ 38,369.54
Maintenance and Operations		
Operating Expenses	\$ 21,161.00	\$ 15,611.34
Conference Fees & Travel	\$ 8,130.00	\$ 3,285.00
Professional Fees & Services	\$ 168,901.00	\$ 22,500.00
Capital Outlay	\$ -	
Data Processing	\$ 15,400.00	
Grants	\$ 58,000,000.00	\$ 28,628,052.90
Welfare to Work	\$ 11,500,000.00	\$ 606,141.26
Total	\$ 70,089,706.00	\$ 29,556,954.13

Funding Source	Legislative Recommendations Budget Manual - FY04	FY04 Receipts
General Revenue		
Federal Revenue	\$ 70,089,706.00	\$ 29,556,956.00
Special Revenue		
Trust Revenue		
Other Revenue		
Total	\$ 70,089,706.00	\$ 29,556,956.00

Section III. Fiscal Summary
Program 4: New Hire Registry

Commitment Item	Legislative Recommendations Budget Manual - FY04	FY04 Expenditures
Regular Salaries	\$ 72,181.00	\$ 73,910.94
Extra Help		
Personal Services Matching	\$ 15,704.00	\$ 16,714.43
Overtime	\$ -	
Maintenance and Operations		
Operating Expenses	\$ 441,401.00	\$ 5,921.73
Conference Fees & Travel	\$ -	\$ 2,408.32
Professional Fees & Services	\$ -	\$ 252,524.13
Capital Outlay	\$ -	
Data Processing	\$ -	
Grants		
Total	\$ 529,286.00	\$ 351,479.55

Funding Source	Legislative Recommendations Budget Manual - FY04	FY04 Receipts
General Revenue	\$ 179,974.00	\$ 100,000.00
Federal Revenue	\$ 349,312.00	\$ 267,531.12
Special Revenue		
Trust Revenue		
Other Revenue		
Total	\$ 529,286.00	\$ 367,531.12